

UNCLASSIFIED

Name and Office of Linguist: Linda Deng, Sacramento

Name and Office of Reviewer(s): Jenny Guo; Sacramento

Source Language(s): Chinese-Mandarin

Target Language: English

Source File Information
Audio

VERBATIM TRANSLATION

Saved As: Final 7862233464 2012-05-19 00-24-01 00094-001

UNCLASSIFIED



UNCLASSIFIED

Participants:

ZHAO Young ZHAO[PH]; Female

MO MO Hailong [VID]; Male

Abbreviation:

TN Translator's Note

[] Translator's Exegesis

Primary Language Regular Font for Mandarin

Secondary Language *Italic Font for English*

FNU First Name Unknown

[OV] Overlapping Voices

[IA] Inaudible

[PH] Phonetic

[UI] Unintelligible

Ah/Mm Yeah [fillers of acknowledgement]

UNCLASSIFIED

UNCLASSIFIED

[Phone rings]

ZHAO: Hello, Teacher MO.

MO: Hey, Young ZHAO. [Clears throat]

ZHAO: Hey, hello.

MO: Hey, I haven't contacted you in a while. Did you leave me a message last time? I didn't reply you right away.

ZHAO: Ah, yes!

MO: Ah.

ZHAO: And then I saw that you didn't reply, so I thought you might be out of the country, or back in China. I didn't call anymore.

MO: Ah, ah. [Chuckles]

ZHAO: Because that, that YE Jian [PH] sent an email to us saying that he was uh...in Illinois, in the Chicago area.

MO: Ah.

ZHAO: And said he will visit us if there is time. And then I thought...would Teacher MO be with him, or WANG Lei [PH], or Dr. LI [PH], or whatever. Ah.

MO: Mm...

ZHAO: Then I called you.

MO: They, they didn't come, they didn't come.

ZHAO: Oh...only YE Jian came by himself?

MO: YE Jian and another one, named LIN Yong [PH]. They came, uh...to map the roads in the US, so-to-speak. [Clears throat]

ZHAO: Oh.

MO: They were...uh...um...let me tell it to you this way, a lot of them from China are very familiar with the operations in China. But when they come overseas, it's as if they are blind. [Chuckles]

UNCLASSIFIED

UNCLASSIFIED

ZHAO: Oh...[Chuckles] So...

MO: As if they are blind. Uh...they need a lot of time to go through trial and error. Ah.

ZHAO: Oh...So Teacher MO, you should be their guide, right? [Chuckles]

MO: I need to...train them. Uh...[Chuckles] guide them. Uh...still not there yet, uh...you can't learn these things in a short period of time. To teach, uh...to teach...a lot of things...need them to adapt to a lot of things first. So...because...let's tell it to you this way, the leaders are paying a lot of attention to the seed industry in China.

ZHAO: Oh.

MO: The leaders are paying a lot of attention to the seed industry. Let's chat about the international situation now.

ZHAO: Oh.

MO: The leaders in China are paying a lot of attention to the seed industry.

ZHAO: Ah.

MO: The current Vice Minister of the Ministry of Agriculture, YU Xinrong [PH], who just took office as the Vice Minister.

ZHAO: Anyway, anyway...Right! Dr. LI said something to me about that when we were in Beijing.

MO: Ah.

ZHAO: He said when he visited DBN when he first took office. Right.

MO: Right. Mm.

ZHAO: Continue, continue. Sorry Teacher MO, I disturbed you.

MO: And then he visited DBN. And then visited the Biotech Center and...

ZHAO: Mm.

MO: ...had a forum with Kings Nower.

ZHAO: Mm.

UNCLASSIFIED

UNCLASSIFIED

MO: Actually, I, I didn't participate in the meeting. But I found out about things through them. Actually, it's very simple, very simple when the leader comes to inspect. The intention is very clear. I told Dr. LI, uh...when I had a discussion with him, I said, the leader didn't come without a purpose, wasn't here to have fun. He was here to point out the direction for you.

ZHAO: Oh.

MO: That is when he took office, as a person-in-charge of the Ministry of Agriculture, he needs to, needs to boost China's agriculture from the start. That's his mission for sure. And then he took a look at China's agricultural structure, uh...the governmental agency that is Zhongzhong [PH, abbreviated China National Seed Group Co., LTD.], uh...and the private enterprises; that is for example, that is mainly Longping High-tech [PH]; Kings Nower, Kings Nower, when seeds are concerned. And uh...and other companies. And within those, because Kings Nower is attached to DBN, and DBN is doing biotech. And it has actually invested money in biotech. You can see that very few are doing biotech. So looking at the structure, the central government will select DBN for sure. First of all, came to DBN to point out the direction, from the start, uh...you guys can't just waste money.

ZHAO: Mm.

MO: Can't just waste money. And then...the direction was set. So...just wait and see how they comprehend it. I comprehended it very well. I understood when they were talking about it. He was there to point out the direction for you. Don't think that...he was...there to waste time, to just chitchat with you.

ZHAO: [OV] Right, right.

MO: All the leaders have their purpose.

ZHAO: Mm.

MO: So their purpose...I knew that their purpose was to strategize. I discussed it with Dr. LI. Dr. LI, uh...agreed with my opinion that is...we need to implement toward the direction that was pointed out by the leader. Because...you can see in what areas China's seed industry needs by the direction that the leader pointed out.

ZHAO: Mm.

MO: Biotech included, at the beginning, let's tell it to you this way...

ZHAO: Mm.

UNCLASSIFIED

UNCLASSIFIED

MO: in the beginning of the biotech part, their uh...persons-in-charge, uh...when DBN hired them, I attended their meeting.

ZHAO: Mm.

MO: I attended their meeting and at that time I asked them, I said, 'what do you guys plan to do?' And then, they replied very vaguely, because, because they weren't clear on what to do. So, after they have been doing it for a year, they decided on conversion, decided to work on biotech conversion.

ZHAO: Mm.

MO: So, was it useful to work on conversion? Actually it wasn't very useful.

ZHAO: Mm.

MO: They weren't clear, and thought that it was useful to work on conversion. Last year uh...in November uh...DBN had a science and technology award ceremony. And a biotech summit at the same time, invited all the experts in agriculture from the universities in the country, and had uh...a summit. I attended that summit. I sat in the back, in the corner. The discussions were very lively. I understood it after hearing that--

ZHAO: [OV] Mm.

MO: --the experts' opinions were pretty emphasized, that is to say, it's useless to work on the strange stuff in biotech.

ZHAO: Mm.

MO: You would be fierce if you could resolve the current issues that China's agriculture is facing.

ZHAO: Mm.

MO: The issue was very straight forward. And plus the visit by the Vice Minister of the Ministry of Agriculture, I understood what should the seed industry trend be, where it should go. It was very clear.

ZHAO: Mm. Mm.

MO: Coming back to the point, coming back to the, uh...uh...the seed industry trend, how does that affect us? How does that affect *Stine* and...our activities in North

UNCLASSIFIED

UNCLASSIFIED

America? It relates to the...we need to increase our collaboration overseas, such as the kind of collaboration with *Stine*.

ZHAO: Mm.

MO: To increase this kind of collaboration to, uh...come out with some products as soon as possible.

ZHAO: Mm.

MO: Uh...claiming the market is the most important, uh...area. So, that is to say the collaboration between *Stine* and Kings Nower is a, a very strategic thing.

ZHAO: Mm.

MO: And then, uh...this year, because uh...DBN, DBN, I'm telling you the truth. DBN, no, Kings Nower, because they have rich resources, they, uh...through many, many channels, uh...uh...and collected a lot of different varieties. And others provided them with a lot of resources.

ZHAO: Mm.

MO: When they planted, they complained that there were too many resources. My heart skipped a beat. Too many resources?!

ZHAO: Mm.

MO: It was a situation where they complained about too many resources. I didn't feel good about that. And then I asked how they processed the *Stine* varieties. They planted that in two locations at first. I was very unhappy about that. I looked for their uh...that research manager right away. I said, 'that won't work.'

ZHAO: Oh.

MO: The *Stine* collaboration should be placed first. You feel...you don't even have any assurance on the other stuff. When we planted, planted, planted the *Stine* stuff, we saw that they were good. But because of other reasons, they weren't included in the contest.

ZHAO: Mm.

MO: They put in a lot of effort...the elderly gentleman, Old Mr. *Stine* [PH] he is also an expert who picked the best ones for us. We can't be picky because there are many choices. And then that, that, research manager heard what I said, and called the, the person in charge of test planting right away. The person in charge of test

UNCLASSIFIED

UNCLASSIFIED

planting said, said that the planting was done in many areas. He said, 'it wouldn't matter to destroy the insignificant stuff, plant the *Stine* stuff, plant the *Stine* stuff.' It wouldn't matter to destroy. That is to say, it wouldn't matter to destroy the stuff that's already been planted. That is to say, it needed to guarantee multiple locations at places where we think are hopeful. Plant them, test plant them.

ZHAO: Mm.

MO: And they have implemented that.

ZHAO: Oh...

MO: So, now, I dare to call you just now. [Chuckles]

ZHAO: Oh...

MO: I was very upset when that happened, you know? I was very upset.

ZHAO: [OV] Thanks, Teacher MO.

MO: I was afraid that they were picky, you know? Because there were too many choices, didn't know where to start, you know?

ZHAO: Mm. Mm. I understand, understand.

MO: Didn't know where to start. At that time, at that time, what I told Dr. LI was that there needed to be a focus, can't be greedy on the numbers. Dr. LI thought that...I was being sarcastic. I wasn't being sarcastic. I said I wasn't being sarcastic. Because he, because Dr. LI is...uh...an open-minded person.

ZHAO: Mm.

MO: Very open-minded, uh...uh...very open-minded on things. The incoming amount was of great numbers. Uh...I told him, can't be greedy on the numbers. But, but he and I have, have two different styles. WANG Lei [PH] and Dr. LI have different styles. Dr. LI and I have even more different styles. I told him, can't be greedy on the numbers. When you produce one, you got to make it count. [Chuckles] You can't go after everything. When you plant everything, it's actually...it's harder to see when you have more, can't tell the difference. You'll have a headache and you can't see the difference. That is to say, you can't tell the tiny difference between this and that. So, which one is better? It wouldn't stand out. So if you have a focus like the *Stine* varieties. Focus on the *Stine* varieties, and, if a few of them stand out...wouldn't, wouldn't that be a great thing?! And it would save a lot of energy. You need, need to spend a lot of time on the other

UNCLASSIFIED

UNCLASSIFIED

stuff. The *Stine* stuff is already available. If they do well when we put them in the field, then we can enter the contest.

ZHAO: Right.

MO: That is to say, the collaboration with *Stine*, I think should be the focal point of the focus. I have emphasized that with them again and again.

ZHAO: Mm.

MO: Uh...so this time the...I'm pretty satisfied with it right now. So they are waiting to see the results from this year, uh...to see how it is, to see how it is from this year's planting. So it's...the collaboration with *Stine*. And...in the future, I also, also uh...asked them about the commission ratio for the future. The commission ratio for sure is...uh...an unavoidable topic for the future.

ZHAO: Right.

MO: So the ratio, I think it could be adjusted higher.

ZHAO: Mm.

MO: But how much higher will it go? It's unclear now. That is to say, actually it depends...it depends on the *Stine* varieties' performance, you know?

ZHAO: Right.

MO: It depends on the performance. It depends on the performance. If they are very eye-catching, very outstanding...Actually from what they observed last year, the *Stine* varieties do stand out. But they are not that much higher than the others. About the level--

ZHAO: [OV] Mm.

MO: --that qualifies to enter the contest, at the contest entry level.

ZHAO: Mm.

MO: For example, if there are five at the contest entry level, *Stine*'s would be among them, among them. Actually they can still pick and choose, can pick and choose. It's not like *Stine*'s surpasses the others by a lot. It's not like that.

ZHAO: Mm.

UNCLASSIFIED

UNCLASSIFIED

MO: That is to say, indeed they have a lot of stuff in their hands, a lot, so not...I'm very worried. I'm very...I emphasized it to them over and over again. You can't be picky when there is a lot of stuff, that is to say, be picky eaters uh...pick the ones that you like. That is to say, loose the focus, it can't be like that. So uh...coming back to that topic, the *Stine* varieties...after I, after I, how to say it? [Chuckles] After I overcame many obstacles, they are now in an important position.

ZHAO: [Chuckles]

MO: And I also emphasized to them about the ratio. Uh...it needs to be adjusted higher, the ratio needs to be adjusted higher. Adjust it to a point where *Stine* is satisfied, where *Stine* is satisfied. Well, how do we satisfy *Stine*? Actually, it depends on how we are satisfied with the varieties. [Chuckles]

ZHAO: Mm.

MO: That's the way it should be. How satisfied we are?! So then, it should be at a somewhat, somewhat reasonable point at the end. And the percentage point could be higher, higher then what we had in mind. I think it could be higher. But how much higher will it be? Not clear on that yet. That is to say, uh...the result should be optimistic.

ZHAO: Mm.

MO: The future is optimistic.

ZHAO: Mm. Very good, very good.

MO: Mm, ah.

ZHAO: So...we...right.

MO: [OV] Uh...so what's left...didn't I always tell you that I wanted to collaborate with you? Looking at, uh...DBN's development...DBN is actually going toward downstream. Going downstream, actually it will have an increasingly close relationship with you guys.

ZHAO: Mm.

MO: Going downstream, going downstream because they are doing the feed business.

ZHAO: Mm.

UNCLASSIFIED

UNCLASSIFIED

MO: They are actively going toward the downstream of the feed business. That is to say, they are going toward pig farming.

ZHAO: Right!

MO: So...DBN...don't know if you've heard of it or not? DBN is actively purchasing land and then...uh...raise pigs! And then invited some experts. That expert...I don't know if I have told you this or not.

ZHAO: Mm.

MO: That expert, uh...when I went back, when we were having a meal and heard that an expert had came. They invited an expert. I recognized him at first sight during the meal. We met in 2007 on a flight.

ZHAO: Wow! Wow...[Chuckles] That's great!

MO: [Chuckles] And then, and then he felt that he had seen me before too. I said, 'I've seen you somewhere for sure.' And then the two of us went down the memory lane and remembered that we met on a flight.

ZHAO: You remembered. Oh...[Chuckles]

MO: And then...he was an expert in raising pigs, raising pigs. That is to say--

ZHAO: [OV] Worked in the US? Or, in China?

MO: He, he, he was invited by an US association for uh...a visit.

ZHAO: Oh...

MO: The last time, the last time, the US invited some Chinese agricultural experts to the US to visit and exchange.

ZHAO: Mm.

MO: He was one of them. And then I met him on the flight. [Chuckles]

ZHAO: Oh...I got it. I got it.

MO: And then--

ZHAO: [OV] Right! The last time, the last time...Teacher MO. We met your younger brother, right?!

UNCLASSIFIED

UNCLASSIFIED

MO: Right.

ZHAO: And then met that, that, uh...the buyer, the Deputy Director of purchasing from DBN.

MO: Right! They are, they are in raw materials purchasing. I'll talk about the raw materials purchasing area later in detail.

ZHAO: Oh.

MO: Now, I'll talk about swine, this area. Uh...DBN hasn't mentioned it to me, but I have to have the idea. I am...I think we should start it when they haven't thought about it yet.

ZHAO: Mm.

MO: Because I went to a conference in Chicago, last December in Chicago and participated in the Seed Expo.

ZHAO: Mm.

MO: I stayed in a hotel, a *hotel*. A group of Chinese people appeared during breakfast. And then, I chatted with them.

ZHAO: Oh.

MO: As we chatted, found out that they were there to purchase swine.

ZHAO: Right! Right! There is a lot of money in swine. I went back...I went back to my hometown, was alone all the time, then I asked him what did he do. He said he went to the US, uh...

MO: Mm.

ZHAO: ...to import swine. And then it was one for tens of thousands...for hundreds of thousands. That is one could sell for tens of thousands and there were hundreds of thousands for the better ones. They were all, flown, flown back.

MO: Right! They were all...if it's the big live hogs, selling back huge live swine...very expensive for sure.

ZHAO: Mm.

MO: But if it's by the weight, it would be cheaper, but also would be slower. The Chinese people want it fast. That...

UNCLASSIFIED

UNCLASSIFIED

ZHAO: Mm.

MO: The swine sellers made money for sure. Not so for the buyers. It's the sellers who made money.

ZHAO: It's the sellers who made money.

MO: So on these things; I think if you want, you can pay some attention, that is to say, the swine, the topnotch swine. Once DBN says, 'we need to import some from the US.' And then you guys are on the right list. [Chuckles]

ZHAO: Mm.

MO: That is to say, you can pay attention to that. It's not like you guys need to spend a lot of time on it. But you can pay attention to it. Actually, I am paying attention, and, and finding things out all over the place. That is, that is, it's still in the observation and research stage. So you guys, so you guys...I'm just saying...actually communicating with you. If you guys have time, you can pay attention to swine resources, the elite, the outstanding swine resources. Once DBN decides it's ready to import some, and then you guys should already be prepared.

ZHAO: Ah. Okay. Okay.

MO: Right. And then...

ZHAO: Mm-hum.

MO: And then...it's purchasing the raw materials. It's because...it should be YIN Guangfei [PH] and WU Junjie [PH] from DBN who attended the conference. YIN Guangfei should be the technical director, and also their general manager over there.

ZHAO: Right.

MO: He is in charge of their...uh...overall operations.

ZHAO: Right.

MO: Uh...he should be responsible for the formula. Actually, he is responsible for the formula. That is to say, he decides whether something will go into a formula or not.

ZHAO: Oh.

UNCLASSIFIED

UNCLASSIFIED

MO: You've mentioned that a lot, like the protein powder [PH]...actually you can ask him directly. That is to say, if he wants to use protein powder or not?

ZHAO: Okay.

MO: You can ask him that directly. Chicken bone ash powder [PH], you can ask him directly if he wants to use it or not.

ZHAO: Mm.

MO: Want to use it or not? Uh...uh...and then it's uh...WU Junjie. He purchases raw materials in general, that is core raw material purchasing.

ZHAO: Oh.

MO: Core raw material purchasing is like *DDGS* and stuff like that. He is responsible for those.

ZHAO: Oh. That's the case.

MO: Actually, he is...they are experienced in overseas trade. They have some knowledge of foreign products. The most important thing is that, uh...their biggest *concern* is price. That is to say, if you can't always, uh...guarantee a good purchase price, then they would be very hesitant.

ZHAO: Mm.

MO: Usually they will observe...like WU Junjie, he is a very cautious person. I have a lot of encounters with him. I've had meals with him a few times. And then...and then actually he is...actually he is...because usually there are some reliable product resources in China, so when he gets the price quote from overseas, he will compare that with what's in China, surely will compare it with the foreign product price, uh...uh...comparing it to the FOB price. If there is no advantage, he certainly wouldn't do it, he certainly wouldn't do it.

ZHAO: Mm. Right! But--

MO: [OV] Right! So, to do this, to do this whole *DDGS*, uh...there is other raw material purchasing too.

ZHAO: Mm.

MO: It's not just this one thing. So, as a whole, there is a problem and that's uh...that is how do you guarantee it has the competitive advantage? The quality is

UNCLASSIFIED

UNCLASSIFIED

guaranteed and the price has competitive advantage. That is uh...actually a pretty big issue, and a long term issue.

ZHAO: Teacher MO, it's--

MO: [OV] Before they--

ZHAO: [OV] Ah.

MO: --they made money on *DDGS*. It's hard to make money doing this right now.

ZHAO: The *DDGS* price in these couple of months is very high.

MO: [OV] Right!

ZHAO: A lot of people in China are asking me about the price. There is no more in stock.

MO: Right.

ZHAO: There isn't any stock for May, and none for June. And then, it's...

MO: Mm.

ZHAO: 2000...that is the FOB price is over 2200 Yuan. That is a lot higher than last year.

MO: Mm.

ZHAO: That was when I gave Teacher MO the price quote, when you asked me at that time.

MO: Mm.

ZHAO: It was only...about, 200, 200USD, the FOB price was about 250USD which was...over 1,000RMB.

MO: Mm.

ZHAO: It's over 2,000RMB right now and there is no price. Because the corn in China has been very high in these few months, the US corn and *DDGS* are much sought after.

MO: Mm-hum.

ZHAO: That is everyone is stock piling.

UNCLASSIFIED

UNCLASSIFIED

MO: Mm.

ZHAO: So, that is the recent situation. And then, Teacher MO mentioned the US market condition and China's market condition. That is...to purchase directly from China. Of course it has an effect that is...it's very easy to get a good price if the collaboration is for long term.

MO: Mm-hum.

ZHAO: For example the general purchasing in the US is very transparent. The profit is low.

MO: Mm.

ZHAO: No one wants to do business with a one-time buyer. So--

MO: It will be for long term collaboration for sure, long term collaboration.

ZHAO: [OV] Right! Right, right, right. So, for the first time...usually the first time price is not good. And then, after the initial collaboration you can talk about a one-year contract with them.

MO: Mm.

ZHAO: Just a one-year contract. After it's obtained, for example, the market price, uh...that is a few USD or ten USD lower than the market price, then sign the contract with them.

MO: Mm.

ZHAO: And then the alcohol [PH] plant will know, 'oh, that I don't need to worry about it for this year. My products have already been ordered.'

MO: Mm. Right.

ZHAO: Actually some of them are pretty lazy too. They want to collaborate with you.

MO: Right.

ZHAO: And then right now, it's hard to bargain at this time. And then, it's a policy issue, because a lot of the alcohol plants' subsidies are coming to an end.

[Beep sounds in the background.]

MO: Mm.

UNCLASSIFIED

UNCLASSIFIED

ZHAO: So, a lot of the alcohol plants are not doing well, because it's unclear where, where the *DDGS* price will go.

MO: Mm.

ZHAO: Uh...so...Teacher MO, I have talked too much. What I mean is that...uh...we, we realize that there is a limit to how much energy people have.

MO: Mm.

ZHAO: We can only do so much in a day.

MO: Mm.

ZHAO: Um...what I mean is that if DBN is interested in having us go do it...purchase raw materials from the US, uh...introduce new technology, and then we can obtain the resources directly. We can...not me, because the company plans to hire people in preparation to help DBN.

MO: Mm, mm.

ZHAO: It can all be done.

MO: Mm.

ZHAO: We can discuss on the collaboration direction.

MO: Mm.

ZHAO: Last time that...uh...General Manager YIN [PH], he told us that DBN really wants to build a pig farming technology exchange center. And then, I've kept that in mind. So there will be a pig farming conference.

MO: Mm.

ZHAO: I said that wrong, not a pig farming conference. The Pork Expo. That...

MO: Which month?

ZHAO: In June.

MO: I may be able to come and see that in June, because pig farming is what China is...other than the seed industry. The seed industry is the nation's lifeline for sure.

UNCLASSIFIED

UNCLASSIFIED

But pig farming is related to the nation...to people's food. It's elevated, elevated up to another strategic point.

ZHAO: Right. Right. Right, right, right. And then it's...that I know there are a lot of Chinese enterprises participating in the annual Pork Expo.

MO: Mm.

ZHAO: Not just the feed plants; also pig farms from all areas.

MO: Mm.

ZHAO: Oh, a lot of people. Do you remember?! That year, Teacher MO, I sent you a lot of swine materials.

MO: [OV] Right! Right! Right!

ZHAO: Right! We gathered them from that Pork Expo.

MO: Mm-hum. Mm-hum.

ZHAO: Right, ah. Most importantly, you need to have a focus. That Pork Expo was so huge. You can't really see anything in two days, just glanced at everything.

MO: Mm.

ZHAO: A lot of things too. Anyway, anyway, the observation was pretty chaotic.

MO: Mm.

ZHAO: But there was a lot of work to be done after the Expo. For example, contact each of the display participants, talk to them.

MO: Right! I think--

ZHAO: [OV] Right!

MO: --there are actually two sides to this issue. First of all...I think I certainly need to discuss it with DBN.

ZHAO: Mm.

MO: About their needs, the clearer their needs are, the more convenient it will be for us.

UNCLASSIFIED

UNCLASSIFIED

ZHAO: Mm, easy to operate.

MO: Mm, easy to operate, because it's clear.

ZHAO: Mm.

MO: At this point, they are just getting started. The land has been purchased.

ZHAO: Mm.

MO: The land has been purchased already, a big piece of land that's prepared for a pig farm. So that...how to do it actually? I'm not very clear on that. That is I need to communicate with them. Uh...

ZHAO: Mm. And there is a very detailed thing that I'm going to talk to Teacher MO about.

MO: Mm.

ZHAO: Uh... YE Jian [PH] came over...the land that you guys purchased, uh...that is...uh...that is in the name of DBN's company in North America, right?

MO: Right. Right.

ZHAO: Oh. DBN over here...because that YE Jian [PH], if he came over with a *B-1* visa, he can't work here.

MO: Mm.

ZHAO: We have a recent case that is...he came here with a *B-1* visa to operate *business*, because *B-1* is for *tourism* and...business research.

MO: Mm. Right.

ZHAO: You can only do *visiting*. *B-1* cannot be used for working.

MO: Right.

ZHAO: And then this person, after he came here, when he was going through the immigration office in the US, and had his cell phone inspected, and then saw his photos uh...of him working in the US. And then he was repatriated, repatriated back to China.

MO: Mm.

UNCLASSIFIED

UNCLASSIFIED

ZHAO: So...just telling Teacher MO that...need to be careful.

MO: Mm.

ZHAO: It's that...a lot of people might be doing it all the time and are fine. But, it's not good if you get caught. So, if coming over every frequently, that is...to say not to leave any trace of doing work here to get caught by the immigration office.

MO: Mm.

ZHAO: Or, just obtain an *L-1* visa.

MO: Right. Right, right.

ZHAO: Mm, right.

MO: Mm.

ZHAO: I'm just telling Teacher MO that ours was a Chinese person too, anyway, he was wronged and can't come over, can't come to the US for a while.

MO: So how...how did the immigration office find out?

ZHAO: It's...they ask you questions, right?! They ask you questions and the person came here with a *B-1* visa, came to Iowa and started a company, and then whatever.

MO: Mm.

ZHAO: And then he went back. And then he came back again, the immigration office personnel asked him, 'you just went back to China and why are you coming back to the US again?' He said, 'I was coming back to work on this and that.'

MO: [Laughs]

ZHAO: So, he didn't understand it either, he didn't understand it either. That is to say, cannot work in the US with a *B-1*.

MO: Ah.

ZHAO: He might have slipped. His English wasn't good either.

MO: Mm.

ZHAO: And then the immigration office personnel checked his cell phone. And then in his cell phone uh...there were...photos of him working over here.

UNCLASSIFIED

UNCLASSIFIED

MO: Mm.

ZHAO: So, got those...*evidence*, found all of them and then repatriated him back to China.

MO: Mm. [Chuckles]

ZHAO: Mm. And then...I thought he was wronged because we Chinese people, we all do that. I know Chinese companies use *B-I*...because it's the easiest, right?

MO: Mm. Right, right, right.

ZHAO: Coming over because...like if there is a Chinese company branch here, and then just work in that branch. Ah!

MO: Mm.

ZHAO: But in fact, it's not permitted by law, when checked on.

MO: Mm.

ZHAO: Based on the US law, *B-I* cannot work here.

MO: Mm.

ZHAO: It might be, might be, might be...as for work, it can be a few hours? Or, whatever?! I'm, I'm not familiar with the actual law.

MO: If they are coming here to work, I...plan to hire a lawyer to get work visas for them, need to get the work visa.

ZHAO: Really?!

MO: They were just here to test the waters. For them to...that is to say, they were able to come, and then it will be easier the next time they come. That is the first thing, and the second thing is to come and take a look. Anyone who doesn't have the exposure should have the exposure. I often...uh...am impolite, when talking to them.

ZHAO: Mm.

MO: It's like they know everything in China and once overseas they don't seem to know anything.

UNCLASSIFIED

UNCLASSIFIED

ZHAO: Mm. [Chuckles]

MO: [Chuckles]

ZHAO: There is an actual process, ah.

MO: There is a process, but this process is actually, actually long, very long, very long...you will know a lot of things from daily living. If you are not living here, then you won't know them. That's the issue...on some, some things.

ZHAO: Mm. Right! Yes. Ah.

MO: [Chuckles]

ZHAO: So, so Teacher MO, sorry I put this little episode in here. And then on what we talked about, that is...clarify DBN's needs, and then the US side...uh...then can better provide the service. Right!

MO: Right! I will try, I will try, that is on their pig farming, uh...I will discuss it with the expert who I met on the flight. [Chuckles] Discuss it, and see if they have any specific ideas. That is the DBN Group uh...understand their strategic intent. Because...actually they didn't notify me, didn't notify me on what to do, but I think it would be pretty, pretty late if we wait until they have the idea; because they are often late, that is to say their actions are half a beat too slow. Because when they get started, they will think about let's...purchase the land in China first, and if we wait until they realize that they need to purchase swine, and then come to look for us, it could be pretty late, pretty late.

ZHAO: Understood.

MO: It's like the *DDGS*, it was actually that they saw that the others are using it well, and then thought about looking for us, looking for you, chatting with you, and then it was too late. Actually the others have already lived the good life.

ZHAO: Mm. Right! Right! So, DBN's current quantity...Teacher MO told me that it was 20K tons per month. Is the quantity still the same?

MO: You...can inquire base on this quantity. That would be fine, inquire base on this quantity.

ZHAO: Mm.

MO: Ah. The quantity can be big. It might not be as big from the start, from the start.

ZHAO: Mm-hum.

UNCLASSIFIED

UNCLASSIFIED

MO: But the quantity can be 20K tons and see if 20K tons can be workable or not, see if 20K tons can be workable or not.

ZHAO: Mm-hum. Okay.

MO: So, actually DBN's purchasing quantity is huge. So they, they...uh...WU Junjie is a very cautious person. So you need to guarantee that it's reliable, and then he will pull the trigger, you know?

ZHAO: Right. Right. That is for sure, because the purchasing quantity is huge. That is...

MO: Right.

ZHAO: It's hard for a huge ship to turn about, so--[UI]

MO: Hard to turn about! Really hard to turn about! It's hard...it's hard for them to make big changes. That is to say, they think it'll be pretty good to maintain stability.

ZHAO: Mm. Mm. Yes! Yes. Uh-huh. Mm.

MO: You didn't chat that much with YIN Guangfei? YIN Guangfei, YIN Guangfei is actually in charge of the formula. That is he is responsible...actually he can, he can tell you what he wants. [Chuckles] You know?!

ZHAO: Mm. Understood.

MO: What he needs. For example uh...like the protein powder and stuff like that.

ZHAO: Mm. Mm-hum.

MO: Right.

ZHAO: I know this time...I know that this time, really hope that Liuhe [PH] will come here, and then they want to purchase the...the...*milk replacement*, right, *milk replacer*.

MO: Right, right, right, that is the milk replacer.

ZHAO: Ah, right.

MO: Who is coming?

UNCLASSIFIED

UNCLASSIFIED

ZHAO: I don't know who is coming. Well, I know, but I don't know that person. I don't remember the name.

MO: [OV] From DBN or another company?

ZHAO: Liuhe!

MO: Oh, Liuhe! I'm very familiar with Liuhe's Vice President.

ZHAO: The Vice President? The one with the surname HUANG [PH]?

MO: Right, right, right. HUANG Minliang [PH].

ZHAO: Oh...right, right, right, right, right. Did he come last time?

MO: He came last time, sat next to me. Right.

ZHAO: Right, right, right, right...right. It's just that...it's just that I was saying that it isn't him who's coming this time, because I would know if it was HUANG Minliang.

MO: Mm.

ZHAO: Saw the name and it was someone I didn't know.

MO: Ah.

ZHAO: They will come here, and then--

MO: [OV] Actually, DBN might want the milk replacer stuff too. But...how do you make DBN make the purchase? That is the problem, you know? [Chuckles]

ZHAO: Ah. Okay. I got it. I got it. So then--

MO: [OV] A lot of things...that is to say, if Liuhe wants them, for sure DBN will want them too. [Chuckles]

ZHAO: [Chuckles] I'm just, just providing this information. That is I know they are purchasing this in the US. Right.

MO: Will also need milk replacer. I've seen a lot of *milk replacer*.

ZHAO: Right! Right, right, right. It's, uh...uh...adding to the piglets' feed?

UNCLASSIFIED

UNCLASSIFIED

MO: Right, right, right. Piglet feed! I'm disclosing another thing to you, that is DBN has hot sales on piglet feed. Now the demand is greater than the supply. DBN started process plants urgently because they want to produce piglet feed. It's selling great.

ZHAO: Mm. Mm. Understood! The last time, who was that...uh...that was...WANG Wei [PH] and who else? And YE Jian. Dr. LI didn't go.

MO: Mm.

ZHAO: And then brought Deputy Director JIA [PH] and went to DBN's base in Huairuo [PH].

MO: Right! It should have been the Huairuo base. It should have been Huairuo. Right, it should have been Huairuo.

ZHAO: Yes, yes, and visited the feed plant. [Chuckles]

MO: Mm. Right.

ZHAO: Mm, right.

MO: Mm...ah...that's fine then! Let's keep in touch. Anyway, you guys can pay some attention. I'm thinking about coming over in June. Uh...the seed, uh...should have went up to be the strategic point too, went up to be the strategic point.

ZHAO: Okay.

MO: And...anyway, I also told you about the *Stine* matter, as of now, *so far so good*. So, tell the elderly gentleman not to worry, we will do our best, striving to evaluate his varieties and then...and then commercialize them.

ZHAO: Mm-hum.

MO: So that everyone's satisfied.

ZHAO: Mm-hum. Mu-hum.

MO: Hope that the ratio...first of all...we need to compromise. The best would be to go up to a point where...where, everyone, everyone will be satisfied with the number, that would be good.

ZHAO: Mm.

UNCLASSIFIED

UNCLASSIFIED

MO: Can't be done by force from one side. That is both sides need to go forward, both sides need to go forward.

ZHAO: Mm. We are just waiting for the data after the products have been received, and see how, how satisfied DBN will be, and then we will discuss it.

MO: Right! And then discuss it. Right, right.

ZHAO: That should be better. Mm.

MO: Anyway, you can tell the elderly gentleman that we are very sincere. You can see through my...attitude that I...firmly insist on putting *Stine's* varieties on top of the list. [Chuckles]

ZHAO: Mm. I know. Thanks! Thanks, Teacher MO! [Chuckles]

MO: [Chuckles]

ZHAO: Anyway, anyway, Teacher MO if you have any needs...

MO: Mm.

ZHAO: ...you can tell me at anytime.

MO: Right.

ZHAO: I'm here in Iowa. Anyway I have the geographic advantage. Anyway...

MO: Right.

ZHAO: I'll work on it over here, and then Teacher MO doesn't have to work so hard traveling over here. [Chuckles]

MO: Right, right, right. That's fine! So, once it's clarified that you guys will attend the Swine Expo [PH], that'll be fine! Then there is no need for me to come. [Chuckles] But if there are tasks that are very clear, and then I can...together we can gather information, go find people together and talk to them.

ZHAO: Mm. Yes. Yes. Very good! That's all fine.

MO: Mm. Right.

ZHAO: Anyway, I think Teacher MO...I don't know about your time arrangement.

MO: Right.

UNCLASSIFIED

UNCLASSIFIED

ZHAO: As for myself, well, I think time is very limited. You can't, can't get into everything, you can't do it.

MO: Right, right, right. Right!

ZHAO: So need to specialize, specialize in the seed industry, specialize in feed. There are a lot of things to learn about feed.

MO: Right!

ZHAO: And then its pig farming and pig farming is even...uh...that involves too many things. And then...

MO: Right.

ZHAO: In China now, not only the pigs, the piglets, no, I said that wrong. The cows! The milk cows!

MO: Ah.

ZHAO: They are crazy about that too. And then came to the US to purchase *alfalfa*, uh...to feed the cows.

MO: That is entirely possible! Because...uh...milk is a huge issue. Everything is an issue in China. Food safety is a huge issue! The most important ones are pork, corn and...milk, those few things.

ZHAO: Right!

MO: They are the key issues.

ZHAO: They are huge issues.

MO: Mm.

ZHAO: There are big enterprises from China coming here to make purchases like [UI] and uh...[UI] big enterprises like those. Like Fangming[PH] also wanted us to do research for them. And then we realized that, wow, it's difficult to know about an unfamiliar subject, because we didn't, didn't research on things like that.

MO: Mm.

ZHAO: So we thought about it, there has to be a focus...that is in which industry--

UNCLASSIFIED

UNCLASSIFIED

MO: [OV] Absolutely need to have focus! Absolutely need to have focus! Actually...DBN has made me scattered. [Chuckles] On a lot of things, I want to focus on something. Once I started to focus on something and then there is something else that diverts my attention...being scattered around. Actually I've suggested to DBN...to establish a purchasing center in Iowa.

ZHAO: Mm.

MO: A purchasing center. Partner, partner with you and your husband to get this done.

ZHAO: Mm.

MO: Because they are busy with swine, and have no time to pay attention to my, my ideas. [Chuckles]

ZHAO: [Chuckles]

MO: [Chuckles] But I will continue to pay attention, continue to ask them, because I'm afraid when they actually think about it and want to work on it, and then it's too late, you know?

ZHAO: Yes. Right! I think, Teacher MO, your biggest advantage, or your biggest contribution is your *vision*, because you are here and you understand the situation on both sides.

MO: That's right! I think your biggest advantage is similar to mine, that is you, comparing with those in China...that is your *vision*. You can see...your experience in the US...that is to say you can sense it, you know it. Need to explain it slowly to people from China, and need to teach them patiently and discuss it with them, and sometimes they don't think it's a big deal. [Chuckles]

ZHAO: Mm. [Chuckles] Mm.

MO: [Chuckles] Mm.

ZHAO: Okay! So, I really hope that I can fight together with Teacher MO shoulder to shoulder. And then--

MO: [OV] Right!

ZHAO: --fight a great battle! [Chuckles]

MO: Actually, I also wanted to do that for a long time, but haven't received the executive order yet. [Chuckles]

UNCLASSIFIED

UNCLASSIFIED

ZHAO: [Laughs]

MO: [Laughs]

ZHAO: That's okay! Let us do the preparation first.

MO: Yes, do the preparation, do the preparation. It wouldn't hurt to be prepared. If you don't work with DBN, you can work with other enterprises. That is to say, when the preparation is done, you can work on it at any time.

ZHAO: Yes! Yes. Right.

MO: Mm.

ZHAO: Okay.

MO: Okay.

ZHAO: Thanks, Teacher MO!

MO: Talk to you later.

ZHAO: Ah, okay.

MO: *Okay, bye-bye.*

ZHAO: *Okay. Bye-bye.*

MO: *Bye-bye.*

[Recording ends]

UNCLASSIFIED